

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 /089 W

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R 281920Z OCT 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 7375

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EO 11652: N/A

TAGS: EMIN, EIND, EINV, PE

SUBJECT: NORTHERN PERU MINING COMPANY - SOME FORWARD MOVEMENT

REFS A) LIMA 8873, B) LIMA 8492

1. NORTHERN PERU MINING COMPANY (NPMC) OFFICIAL STEIN, ACCOMPANIED BY WASHINGTON LAWYER STANSBURY (REF B), CALLED ON AMBASSADOR ON OCTOBER 24 TO REPORT THAT THE MINISTRY OF ENERGY AND MINES (MEM) HAS AGREED TO NPMC REQUEST TO DISMISS 650 WORKERS AND THAT THE WORKERS WOULD BE NOTIFIED AT THE MINE LATER THE SAME AFTERNOON BY LABOR MINISTRY REPRESENTATIVES OF THIS DECISION. OFFICIALS WERE CONCERNED ABOUT THE POSSIBILITY OF VIOLENCE AT THE MINE, BT WE WERE SUBSEQUENTLY INFORMED BY STANSBURY THAT WORKERS DID NOT REACT AND APPARENTLY ACCEPTED DECISION PEACEFULLY, AT LEAST FOR THE TIME BEING. OFFICIALS SAID MEM PUT HEAVY PRESSURE ON THE LABOR MINISTRY TO OBTAIN AGREEMENT TO DISMISS WORKERS. LABOR MINISTRY AGREED TO SPECIAL INDEMNIFICATION OF 18,000 SOLES PER WORKER, IN ADDITION TO REGULAR SEVERANCE PAY.

2. STANSBURY ALSO SAID THAT PROGRESS HAS BEEN MADE ON
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CONTRACT TRANSFERRING MINE TO THE MINING COMMUNITY AND

THAT CONVERSATIONS WILL CONTINUE ON THIS SUBJECT BETWEEN ASARCO AND MEM OFFICIALS. STANSBURY SAID THAT GOP'S OFFER OF PAYMENT OF ABOUT \$3.3 MILLION TO COMPANY MAY BE SLIGHTLY INCREASED BUT THAT NPMC SOCIAL AND RETIRMENT INDEMNIFICATION OBLIGATIONS TO WORKERS WILL BE IN THE RANGE OF \$5 MILLION. HE SAID THAT MEM HAD HOPED FOR FINAL AGREEMENT BY OCTOBER 31, BUT THAT THIS TIMING IS NOT REALISTIC SINCE FINAL DECISION WOULD HAVE TO BE APPROVED BY SUPREME DECREE WHICH WILL REQUIRE CABINET LEVEL CONSIDERATION. HE PREDICTED NO DECISION FOR AT LEAST TWO MORE WEEKS.

3. STANSBURY SAID THAT MEM VICE MINISTER TORD CONTINUES TO BE VERY COOPERATIVE, AND IT APPEARS THAT GOP WANTS TO AVOID MAJOR PROBLEM OVER NPMC AT THIS TIME. HOWEVER, THEY ALSO NOTED THAT NPMC'S SITUATION PROVIDES A TEST CASE FOR MINING SECTOR, IN GENERAL AND FOR APRA IN PARTICULAR AND DID NOT RULE OUT THE POSSIBILITY THAT APRA MIGHT USE NPMC TO FOMENT OTHER STRIKES IN TEST OF WILL WITH GOP.

4. COMMENT: WORKERS' INITIAL ACCEPTANCE OF DISMISSAL NOTICES MAY BELIEVE THIS CONCERN AT LEAST TEMPORARILY, ALTHOUGH NEITHER THE COMPANY NOR GOP IS YET OUT OF THE WOODS REGARDING THIS CASE.
DEAN

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